

## Message Text

SECRET

PAGE 01 JIDDA 05197 090634Z

13

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 /031 W  
----- 069364

R 090555Z SEP 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 8543

S E C R E T JIDDA 5197

EXDIS

PASS TREASURY FOR SECRETARY SIMON

E.O. 11652: GDS

TAGS: EFIN, SA, US

SUBJECT: SAUDIS FEAR THEIR OIL MONEY MAY END IN ISRAEL

REF: A) JIDDA 5170; B) JIDDA 5157

1. REF A REPORTED ON KING FAISAL'S AND PRINCE FAHD'S CONCERN THAT INVESTMENTS OF ARAB OIL FUNDS IN THE U.S. MIGHT DIRECTLY OR INDIRECTLY RESULT IN ADDITIONAL U.S. ASSISTANCE TO ISRAEL. IT IS CLEAR TO US THAT IF THE ARABS THINK THERE IS ANY LIKELIHOOD OF THIS HAPPENING, THE INCREASE OR EVEN THE CONTINUATION OF SUCH INVESTMENTS IN THE U.S. MAY CEASE.

2. THE EMBASSY TODAY NOTES ARTICLE FROM PAGE 6 OF THE "BEIRUT DAILY STAR" DATED FRIDAY, SEPTEMBER 6, REPORTING AN AP ARTICLE DATED WASHINGTON SEPTEMBER 5. THE "STAR" ARTICLE WAS HEADLINED "TREASURY DEPUTY SAYS U.S. LENDING ARAB MONEY TO ISRAEL NOT RULED OUT." ACCORDING TO ARTICLE, GERALD L. PARSKY "DEPUTY SECRETARY OF THE TREASURY".... SAID "WASHINGTON HAD NOT RULED OUT THE POSSIBILITY OF 'EVEN PROVIDING ISRAEL WITH ARAB OIL MONEY UNDER A THREE-PARTY AGREEMENT' ALTHOUGH HE STRESSED 'THE QUESTION IS WHETHER THE OTHER PARTICIPANTS WOULD WANT IT TO HAPPEN' "AND FURTHER "PARSKY SAID THE UNITED STATES WAS ALSO EAGER TO SET UP A FRAMEWORK THAT WOULD ENABLE THREE-PARTY

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AGREEMENTS FOR FUNNELING AID TO ISRAEL."

3. COMMENT: WE WERE FRANKLY DISMAYED BY THE ARTICLE AND ASSUME SECRETARY PARSKY WAS MISQUOTED. IN VIEW OF SAG'S EXTREME NEGATIVISM ON ISRAEL, SUCH REPORTS STRENGTHEN THE POSITION OF THOSE - SUCH AS PRINCE FAHD AND HISHAM NAZER - WHO DO NOT FAVOR INVESTMENTS IN TREASURY SECURITIES. IT IS REGRETTABLE THAT THE POSSIBILITY OF ARAB OIL MONEY BEING INVESTED IN TREASURY SECURITIES WAS IN ANY CONTEXT MENTIONED IN VIEW OF KING FAISAL'S PREFERENCE FOR SECRECY ON THIS MATTER.

4. ACTION REQUESTED: THAT THE EMBASSY BE GIVEN IMMEDIATELY THE FULL TEXT OF SECRETARY PARSKY'S STATEMENT AND THAT MR. PARSKY BE PREPARED TO CLARIFY HIS REMARKS IN A REASSURING WAY WHEN HE MEETS WITH SAG OFFICIALS LATER THIS WEEK.  
AKINS

NOTE BY OC/T: NOT PASSED TREASURY.

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SECURITIES, ECONOMIC ASSISTANCE, FOREIGN INVESTMENT, PRESS COMMENTS, TREASURY BILLS  
**Control Number:** n/a  
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**Draft Date:** 09 SEP 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Authority:** kelleyw0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** EFIN, SA, US, IS  
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